GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:68
ANSWERED ON:22.11.2002
VIOLATION OF WTO GUIDELINES BY US OVER TEXTILES
BHERU LAL MEENA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether America has expressed its inability to give concessions on the import of textiles during the WTO conference held last year in Doha;

(b) if so, whether this decision of America has caused a severe blow to the developing countries including India;

(c) whether ongoing dialogue between India and America regarding the former`s reach in the American market is also likely to be affected by this decision of America;

(d) if so, the action taken by the Government to solve this problem; and

(e) the present status of the issue?

Answer

MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN SHOURIE)

(a) to (e) : A Statement is laid on the Table of the House.

STATEMENT REFFERED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NUMBER 68 ANSWER ON 22.11.2002 REGARDING VIOLATION OF WTO GUIDELINES BY US OVER TEXTILES

(a) to (e):- At the Doha Ministerial Conference of the World Trade Organization (WTO) held in November, 2001, certain decisions were taken in respect of full and faithful implementation of Agreement on Textiles and Clothing (ATC). These are contained in Paragraphs 4.1 to 4.3 of the Decision on Implementation Related Issues and Concerns. In addition, the Doha Ministerial conference, in paragraphs 4.4 and 4.5 of the Decision on Implementation Related Issues and Concerns requested the WTO Council for Trade in Goods (CTG) to examine two implementation proposals. One of them required the application of the most favourable methodology for `growth-on-growth` provisions while calculating the quota levels for small suppliers. The other implementation proposal, which was relevant for all restrained countries including India, required advancing the application of the higher `growth-on-growth` factor of 27 % which was otherwise due on 1 January 2002 to be applied from 1 January 2000.

The Council for Trade in Goods was to examine these proposals and to make recommendations to the General Council by July 31, 2002 for appropriate action.

While the examination of the two proposals was undertaken earlier this year, no recommendation could be forwarded to the General Council due to the stand taken by the restraining members including the US.

During the formal and informal discussions, India alongwith other members of the International Textiles and Clothing Bureau (ITCB) had made a strong case for acceptance of these two proposals. The ITCB members had also submitted a written paper giving their concrete arguments and urging members to accept the proposals. In addition, the ITCB members had demonstrated how the balance of rights and obligations under the ATC had been tilted to the detriment of developing country exporting members. It was noted that the two textile Implementation Issues were part of the overall package negotiated by Ministers at Doha and that the CTG should come out with recommendations to the General Council for appropriate action. Paragraphs 4.4. and 4.5 of the Doha Decision indicated that Ministers expected recommendations to be made.

At the 31 July, 2002 General Council meeting, US stated that it had not agreed to two proposals at Doha and that its position remained unchanged.

India and other developing countries have continued to raise this issue in the various fora - including the Mini-Ministerial meeting held at Sydney on 14-15 November, 2002.

Acceptance by WTO Member Countries of the Implementation proposal on `growth - on - growth` could have led to the availability of

somewhat larger market access for our exports in the US and other restraining countries.